

State of Alaska FY2008 Governor's Operating Budget

Department of Natural Resources Recorder's Office/Uniform Commercial Code Component Budget Summary

Component: Recorder's Office/Uniform Commercial Code

Contribution to Department's Mission

To provide and maintain a secure and impartial place to accept documents (consisting of mining claims, land transfers, and a variety of real estate and personal property recordings and filings) into the permanent public record in the manner prescribed by Alaska law, and to protect, preserve and enhance the public record for the benefit of present and future generations.

Core Services

The primary public services provided by the Recorder's/UCC component are mandated by statute and include the following:

- (1) examine, record or file, process, and return documents as prescribed by law;
- (2) securely store and preserve all documents submitted for record;
- (3) maintain and update grantor/grantee and location indices for accurate retrieval of the public record;
- (4) provide record searches and copies of Uniform Commercial Code documents upon written request of user; and
- (5) administer recording/filing services, maintain public libraries of recorded and filed documents in twelve rural and urban recording locations serving 34 recording districts and UCC Central File.

End Results	Strategies to Achieve Results
<p>A: Enhance the operation of commerce (personal and commercial) within Alaska.</p> <p><u>Target #1:</u> 100 percent documents presented and accepted, entered into the index</p> <p><u>Measure #1:</u> % of documents presented, accepted and entered in the index</p> <p><u>Target #2:</u> Recording offices open 100% with database access available to the public</p> <p><u>Measure #2:</u> % Recording offices open and database access available to the public</p>	<p>A1: Timely recording and handling of all documents.</p> <p><u>Target #1:</u> Complete input within 1 day (24 hours) 100% of the time</p> <p><u>Measure #1:</u> % timely input of documents into the index</p> <p><u>Target #2:</u> 100% of documents verified within 7 calendar days</p> <p><u>Measure #2:</u> % timely verification of documents</p> <p><u>Target #3:</u> 100% original documents returned within 30 days of recording</p> <p><u>Measure #3:</u> % timely return of original documents to customer</p> <p><u>Target #4:</u> 80% UCC filings submitted electronically</p> <p><u>Measure #4:</u> % electronic filings submitted to UCC</p> <p>A2: Create and maintain accessible archival record</p> <p><u>Target #1:</u> 100% documents filmed/scanned within 10 days of recording.</p> <p><u>Measure #1:</u> % documents filmed/scanned within 10 days of recording at any statewide recording district.</p> <p>A3: Create permanent archival record to preserve the history of personal, commercial, and land transactions in Alaska by converting paper and film media recording records to digital images to expedite retrieval and research capability.</p> <p><u>Target #1:</u> 2,000 historic books accessioned to State</p>

	<p>Archives per Fiscal Year (out of a total of more than 7,000).</p> <p><u>Measure #1:</u> # of books accessioned to State Archives per Fiscal year.</p> <p><u>Target #2:</u> Convert an estimated 5,400,000 film images (covering a 10 year period) to digital images from 2001 back to 1991.</p> <p><u>Measure #2:</u> # Of images from historic film available on intranet</p> <p><u>Target #3:</u> Scan and index 47,435 historic statewide plats and add images and indexing information to the Internet.</p> <p><u>Measure #3:</u> # of historic plat images available for public use and viewing on the Internet.</p> <p><u>Target #4:</u> Convert an estimated 750,000 aperture cards covering the time period from 1971 through 1978, to digital images.</p> <p><u>Measure #4:</u> # of converted images available on the Intranet.</p>
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Major Activities to Advance Strategies

<ul style="list-style-type: none"> Enhance system through completion of book, film, and aperture card conversion projects, integrating images into the Intranet data base. Examine, record/file, receipt, and process original documents Maintain and update grantor/grantee and location indices for retrieval of documents Provide searches and copies of recorded and filed UCC documents 	<ul style="list-style-type: none"> Return original recorded documents to customers Customer assistance in use of library facilities Archival and administrative processes Provide electronic access to records through the WEB, providing CDs, and electronic downloads
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FY2008 Resources Allocated to Achieve Results

FY2008 Component Budget: \$4,486,600	Personnel:	
	Full time	48
	Part time	6
	Total	54

Performance Measure Detail

A: Result - Enhance the operation of commerce (personal and commercial) within Alaska.

Target #1: 100 percent documents presented and accepted, entered into the index

Measure #1: % of documents presented, accepted and entered in the index

% Documents Presented, Accepted and Entered into Index

Fiscal Year	YTD Total	Target Met
FY 2001	215808	100%
FY 2002	232200	100%
FY 2003	284588	100%
FY 2004	284342	100%
FY 2005	247365	100%
FY 2006	250827	100%
FY 2007	63013	100%

Analysis of results and challenges: All documents presented and accepted for recording are entered into the index and become part of the permanent public record. Documents must meet minimum recording criteria to be accepted. Recorded documents are input as presented. Document content is not reviewed.

Target #2: Recording offices open 100% with database access available to the public

Measure #2: % Recording offices open and database access available to the public

% Recording offices open 100%

Fiscal Year	YTD Total
FY 2001	92%
FY 2002	87%
FY 2003	90%
FY 2004	91%
FY 2005	92%
FY 2006	94%
FY 2007	92%

Analysis of results and challenges: There are 34 recording districts and UCC Central file, handled at 12 offices across the state with 7 offices having a staff of 1 person. Recording services are transferred from a single staff office to a multi-staff office during scheduled and unscheduled closures. (Fairbanks covers Bethel; Juneau covers Sitka and Ketchikan; Anchorage covers Homer, Kodiak, Seward, and Valdez.) All offices provide Intranet access to our on-line database with images, via public access computers. We recently established a research only facility at the DMV office in Nome. (The recorder's database index without images is also available via the Internet.)

Funding limitations may require us to keep vacancies open longer than we desire - when this happens in single staffed offices the back-up office will keep performing the work for that office until a new employee can be hired and trained. The single staff Valdez office was closed for 123 days during FY06 while a new employee was recruited and trained. Scheduled and unscheduled leave during the first quarter of FY07 resulted in single staff office closures.

A1: Strategy - Timely recording and handling of all documents.**Target #1:** Complete input within 1 day (24 hours) 100% of the time**Measure #1:** % timely input of documents into the index**% Documents input within 1 day**

Fiscal Year	YTD Total
FY 2001	96%
FY 2002	95%
FY 2003	90%
FY 2004	92%
FY 2005	98%
FY 2006	99%
FY 2007	98%

Analysis of results and challenges: The 24-hour target for input of documents into the data base ensures the timely creation of the public record for viewing by the public and "date downs" by title companies. We were unable to meet this target in FY03 and FY04 due to record recording volumes as a result of low interest rates and an abundance of refinance activity and new home purchases.

Target #2: 100% of documents verified within 7 calendar days**Measure #2:** % timely verification of documents**% Documents verified within 7 work days by FY**

Year	YTD Total
2001	82%
2002	89%
2003	91%
2004	91%
2005	92%
2006	97%
2007	98%

Analysis of results and challenges: Verification is the final phase in creating the permanent public record. This is the quality control process that ensures recorded documents are entered into the data base exactly as presented. The verification process ensures a reliable and accurate index for our many users. Internal reorganizations, staffing adjustments and technology advancements have enabled us to improve performance in this area.

Target #3: 100% original documents returned within 30 days of recording**Measure #3:** % timely return of original documents to customer**% Documents returned within 30 days of recording by Fiscal Year**

Fiscal Year	YTD Total	Actuals
FY 2001	15%	215,800
FY 2002	12%	232,200
FY 2003	10%	284,588
FY 2004	15%	284,342
FY 2005	28%	247,365
FY 2006	85%	250,827
FY 2007	5%	51,934

In FY06 two full-time positions were added to deal with the mailback of original documents which made a significant improvement. Staff turnover and unscheduled absences have resulted in backlogs.

Analysis of results and challenges: Timely return of original recorded documents enables lenders to complete

loan packages to investors (who require original documents); provides customers with their own hard copy record of the transaction; and facilitates updates and corrections to the document (as the original may be re-recorded) when changes are necessary. The 30 day target to return original documents has been difficult to meet due to record volumes. Non-permanent staff assistance was used over the years to help bring this function into compliance.

In 2001 the average time required to return original documents sometimes exceeded 8 months. Although turn-around time has been reduced in the last few years it has still averaged 45 to 90 days at times. Two full time positions were created in FY06 to handle this function on a statewide basis in order to meet this performance objective. As of the end of January all districts were current with mail backs and remained current through the end of the third quarter. Staff turnover during the 4th quarter resulted in mail backlogs. New staff members were hired and are working hard to bring this duty to a current status.

Target #4: 80% UCC filings submitted electronically

Measure #4: % electronic filings submitted to UCC

% of electronic filings submitted to UCC Central

Fiscal Year	YTD Total
FY 2004	3%
FY 2005	13%
FY 2006	25%
FY 2007	54%

UCC Central began accepting electronic filings in February 2004. Percent of electronic filings for 2004 based on total filings during third and fourth quarter only.

Analysis of results and challenges: On line electronic filings not only provide a benefit to customers by ensuring Debtor and Secured Party information is entered accurately, the process also requires a valid UCC associated file number is used (for other than an initial filing). This is something not verified with a direct filing. On line electronic filings also create efficiencies for staff as the customer has pre-input the document information into the index. We have been able to increase the use of on line filings through customer education of the process.

A2: Strategy - Create and maintain accessible archival record

Target #1: 100% documents filmed/scanned within 10 days of recording.

Measure #1: % documents filmed/scanned within 10 days of recording at any statewide recording district.

% documents scanned/filmed within 10 days of recording

Fiscal Year	YTD Total
FY 2002	52%
FY 2003	65%
FY 2004	82%
FY 2005	73%
FY 2006	98%
FY 2007	76%

The Recorder's office began scanning documents in FY02 (July 1, 2001).

Analysis of results and challenges: Scanning and filming recorded documents within 10 days of recording results in the timely availability of images for customer review. There are approximately 3.7 pages for each document recorded. The Archive unit must scan and film each page of every document and complete quality control checks prior to the release of images or the creation of roll film. Staff turnover and unscheduled leave resulted in backlogs during the first quarter of FY07.

A3: Strategy - Create permanent archival record to preserve the history of personal, commercial, and land transactions in Alaska by converting paper and film media recording records to digital images to expedite retrieval and research capability.

Target #1: 2,000 historic books accessioned to State Archives per Fiscal Year (out of a total of more than 7,000).

Measure #1: # of books accessioned to State Archives per Fiscal year.

Historical books filming project by Fiscal Year

Fiscal Year	Accessioned	Remaining	YTD Total
FY 2002	207	6946	207
FY 2003	783	6163	990
FY 2004	929	5234	1919
FY 2005	763	4471	2682
FY 2006	3462	1014	6144
FY 2007	601	413	6745

In FY05 we changed the process to add scanning in order to get the books in digital format for internet access. Through FY06 3462 books were accessioned, more than all of FY2004 and FY2005 combined! (YTD means cumulative since the start of the project.)

Analysis of results and challenges: The Recorder's Office identified 7,158 historic recording books statewide from approximately the late 1800's to the early 1970's. These books are an important part of the Alaskan history and public record. They were handled daily in our offices as that was the only record available so we requested a CIP to film the books and send them to State Archives. Accessioning books to State Archives began prior to FY02 so the number showing accessioned in FY02 is cumulative. Book scanning and digitizing began late in FY05. Film must be created, all images checked for quality, and the shipment accepted by the State Archivist prior to accessioning. Some of the older books being scanned are in various stages of deterioration due to handling, natural disasters (flood, fire, etc.), which results in the scanning process taking longer to produce an acceptable image.

We project completion of this effort by December 2006. We will then request the return of 1,832 previously accessioned books from State Archives. These books were filmed by Central Microfilm prior to being accessioned and film quality is poor. Scanning these books will ensure the best image possible will be available for research and historic preservation. Completion will depend on available money.

Target #2: Convert an estimated 5,400,000 film images (covering a 10 year period) to digital images from 2001 back to 1991.

Measure #2: # Of images from historic film available on intranet

Of Converted Images/Added to Intranet

Fiscal Year	Images Added to Intranet
FY 2005	109,212
FY 2006	1,160,157
FY 2007	531,496

Analysis of results and challenges: (Estimated image figure of 5.0 Million was adjusted from 6.2 Million based on number of images delivered by contractor.) The conversion process requires all images on the master roll of film be converted to digital, however only recorded documents are indexed. UCC's, retakes, batch headers and spacers are eliminated. The contractor has converted, indexed and delivered all images according to the contract.

The conversion of historic film images to digital format enables not only rapid retrieval of images, but also retrieval of those images from all districts across the state at any Recording office. Without this conversion customers must travel to a specific recording office to review film images for recording districts handled at that office. Conversion to digital will also remove the requirement for expensive and aging film reader/printers at all recording locations.

Approximately 10 years worth of Southeast district microfilm was converted to digital images in FY05 via a joint partnership with a Southeast Title Company. The partnership enabled the State and the Title Company to convert more years than either could have done alone. Statewide, film is being converted to digital from July 2001 back to January 1991. Agency programmers are developing index efficiencies to help expedite the required quality control checks. Most of the programming challenges have been corrected and images for 2001, 2000 and 1999 have now been released to the database along with a number of "extra" images covering various years from South East Districts. The projection for completion of the years 1991-1998 is by the end of calendar year 2007. All images are released to the Intranet however all conveyance documents and mining documents are also available on the Internet.

Target #3: Scan and index 47,435 historic statewide plats and add images and indexing information to the Internet.

Measure #3: # of historic plat images available for public use and viewing on the Internet.

of Statewide Plat Images Available on the Internet- cumulative

Fiscal Year	YTD Total
FY 2003	16,145
FY 2004	26,030
FY 2005	38,584
FY 2006	Done 3rd Qtr 47,486

Project completed in full during the 3rd Quarter of FY06.

Analysis of results and challenges: This project involved scanning and in some cases creating an index in the data base, for all plats recorded statewide prior to July 2003. As the plats were scanned, an index was created and the images were placed on the Internet for public use and review. Plat images are used by the Bureau of Land Management (BLM), various State agencies, Boroughs and Municipalities, and surveyors across the state.

47,486 statewide plats were identified for this project, some dating back to the early 1900's. This project was completed during the 3rd quarter of FY06.

Target #4: Convert an estimated 750,000 aperture cards covering the time period from 1971 through 1978, to digital images.

Measure #4: # of converted images available on the Intranet.

of Aperture Card Images Added to Data Base

Fiscal Year	Quarter 1	Quarter 2	Quarter 3	Quarter 4	YTD Total
FY 2007	0	0	0	0	0

Analysis of results and challenges: This project represents the conversion of an entire record series covering the 1970's. Aperture Cards are cumbersome to use and require special equipment to view. Without conversion to digital images customers must travel to a specific recording office to view aperture cards from districts handled at that office. Conversion to digital will remove the requirement for expensive and aging film reader/printers at all recording locations.

Contractor will begin delivery of images in September. Anticipate release to database beginning 2nd quarter FY07.

Key Component Challenges

- 1) Web access to recorded document images and UCC filings continues to be a priority. We currently have all plat images statewide, scanned and available on the Internet. Statewide document images from current back through 1998 are now available on the Intranet and all conveyance and mining documents for this time period are available on the Internet as well.
- 2) The component's workload is highly cyclical in both good and bad economic times. Recording is a time sensitive process and monetary losses can and do occur if recordings are not processed timely. Every

- effort is made to ensure all documents are input into the system the same day they are received and recorded.
- 3) Scanning, filming and preservation of our original book records continues to be a priority. The remaining historic books in our possession should be completed by the end of calendar year 2006. We will then request the return of approximately 1,800 books previously accessioned to State Archives that have not yet been scanned. This project provides digital images of these historic records and upon completion of the scanning will enable statewide customer research from any recording office.
 - 4) The entire statewide aperture card series covering the 1970's is in the process of being converted to digital images. As years are converted the images will be released to the Intranet. All conveyance and mining document images will also be released to the Internet.
 - 5) Electronic recording pilot program. Recording jurisdictions across the country are moving to electronic recordation processes to curb the paper flow and streamline recording. Several large users have expressed an interest in exploring this concept further in Alaska for real estate transactions. The Uniform Real Property Electronic Recording Act (URPERA) will hopefully be introduced to the Legislature in 2007. Passage of this Act will open the door for electronic recordings in Alaska.
 - 6) The component began using split screen and dual monitor technology in 2005 that has proven beneficial in meeting indexing objectives at all offices across the state. The technology enables offices to assist when another office is unable to complete indexing or verification on their own due to staff shortages or high volume recording days.
 - 7) Community-based single staffed recording offices and equity of workload. The component currently has seven single staffed offices statewide. While it is desirable to maintain a presence in these communities for prompt recordation of real estate transactions, many internal operational issues arise as a result of having remote offices. These issues include closures and alternate coverage during employee leave or illness, low volumes of recording, off site supervision, training and evaluation, and similar issues. The addition of dual or split screen technology has enabled the component to distribute work to some single staff offices that can provide assistance.
 - 8) Turnaround time for return of original recorded documents. This has been a recurring challenge for the component because of cyclical fluctuations in workload mentioned above. The addition of staff dedicated to performing this function has greatly improved the components ability to meet this objective.

Significant Changes in Results to be Delivered in FY2008

The priority for handling volumes in excess of the average workload is to utilize split or dual screen technology at all recording offices and thereby distribute indexing functions to other recording offices which are able to provide assistance as needed.

Volumes in excess of the average workload may have the following detrimental impacts to the public:

1. In multiple recording locations not all documents will be fully indexed the day they are recorded if there is insufficient staffing to handle this critical function. This will result in delayed indexing information being made available to the public. If title companies are unable to date down with current information, real estate closings may have to be deferred.
2. UCC searches cannot be performed when there are backlogs in indexing and verification. Failure to certify UCC searches on a prompt turnaround of 48 hours or less will adversely affect lending institutions that require the search information to close loan transactions.
3. Backlogs in one or more critical recording functions, such as those noted above, will also impact the component's ability to produce scanned images and film of the recorded documents in a timely matter and to make this information available to the public in its recording offices throughout the state.
4. With insufficient staffing to handle the increased workload the component may have to delay production of conformed and certified copies at the time of recording. This would have a significant adverse impact for lending institutions that require these copies in order to disburse funds on loan transactions.

Major Component Accomplishments in 2006

FY06 revenues reached an all-time record high for the component at more than \$8.4 million, up over \$3.0 million from FY02 and about \$100,000 from FY05.

FY06 was another high volume year for the Recorder's/UCC component in terms of documents processed and revenue generated. Due to continued low interest rates mortgage refinance activity and new home purchases remained high. The

component recorded/filed 250,827 documents during FY06, down only 12% from the record number recorded/filed in FY03.

The component's FY06 accomplishments include the following:

1. The Cadastral project: By completing the scanning and back indexing of all plats statewide, users now have digital access to all of this record series through the Internet. We eliminated internal duplication of plat scanning efforts with the Division of Mining, Land and Water by linking plat images to the Land Administration System (LAS). This is a significant improvement for the survey community and government operations.
2. Scanned, filmed and accessioned over 3,000 historic record books which will be available statewide on our internal web site. This project preserves the historical records of Alaska for future generations
3. The film conversion project added over one million images to the Intranet going back to 1999, providing over 7 years (1999 - 2006) of searchable images statewide, with plans to convert film back to 1991 statewide, and back to 1988 for South East districts.
4. The component entered into a contract to convert the aperture card series (1971 through 1978) to digital images in order to improve and preserve access to this record series. This conversion will streamline our operations and eliminate the need for antiquated equipment to view aperture cards.
5. Dual and split screen technology was used throughout FY06 to ensure daily recordings were input and verified as quickly as possible.
6. UCC on line filings increased from 20% in FY05 to 50% during FY06 by marketing the service to our key institutional customers.
7. Links to recorded documents were established from other Department of Natural Resources data bases by having Recorders enter File Type/File Number information from the document to the recording index. Links were also established from local borough property records data bases to recorded documents improving customers ability to research records.
8. Improved timeliness of Nome recording functions by having our Fairbanks office perform recordings for the Nome district, while at the same time preserving records research capability for the community of Nome through a shared facility agreement with the Division of Motor Vehicles.
9. Recording and Filing fee increases implemented in January 2004 contributed to the record revenue collected of \$8.4 million in FY06.

Fiscal Year	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	FYTD
2002	\$1,257,848	\$1,472,784	\$1,224,951	\$1,358,759	\$5,314,342
2003	\$1,543,134	\$1,899,669	\$1,701,697	\$2,131,788	\$7,276,288
2004	\$2,182,273	\$1,815,564	\$1,799,319	\$2,332,696	\$8,129,852
2005	\$2,240,079	\$2,062,892	\$1,804,657	\$2,202,426	\$8,310,054
2006	\$2,370,925	\$2,153,431	\$1,745,077	\$2,177,635	\$8,447,068

Statutory and Regulatory Authority

STATUTORY/REGULATORY CITATIONS

(and various other statutes under 19 titles that affect recording and filing)

AS 37.05
AS 40.17
AS 44.37
AS 45.29
11 AAC 05, 06

Contact Information
<p>Contact: Vicky Backus, State Recorder Phone: (907) 269-8882 Fax: (907) 269-8912 E-mail: vicky_backus@dnr.state.ak.us</p>

**Recorder's Office/Uniform Commercial Code
Component Financial Summary**

All dollars shown in thousands

	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	3,045.3	3,182.3	3,585.5
72000 Travel	25.7	15.8	15.8
73000 Services	704.3	696.3	786.3
74000 Commodities	205.0	114.0	89.0
75000 Capital Outlay	8.9	10.0	10.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	3,989.2	4,018.4	4,486.6
Funding Sources:			
1061 Capital Improvement Project Receipts	114.7	0.0	0.0
1156 Receipt Supported Services	3,874.5	4,018.4	4,486.6
Funding Totals	3,989.2	4,018.4	4,486.6

Estimated Revenue Collections

Description	Master Revenue Account	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
<u>Unrestricted Revenues</u>				
Receipt Supported Services	51073	3,829.0	3,981.6	3,513.4
Unrestricted Total		3,829.0	3,981.6	3,513.4
<u>Restricted Revenues</u>				
Receipt Supported Services	51073	3,874.5	4,018.4	4,486.6
Capital Improvement Project Receipts	51200	114.7	0.0	0.0
Restricted Total		3,989.2	4,018.4	4,486.6
Total Estimated Revenues		7,818.2	8,000.0	8,000.0

**Summary of Component Budget Changes
From FY2007 Management Plan to FY2008 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2007 Management Plan	0.0	0.0	4,018.4	4,018.4
Proposed budget increases:				
-Increased operational costs for film processing, leases, and computer chargebacks	0.0	0.0	65.0	65.0
-FY 08 Retirement Systems Rate Increases	0.0	0.0	403.2	403.2
FY2008 Governor	0.0	0.0	4,486.6	4,486.6

**Recorder's Office/Uniform Commercial Code
Personal Services Information**

Authorized Positions			Personal Services Costs	
	<u>FY2007</u> <u>Management</u> <u>Plan</u>	<u>FY2008</u> <u>Governor</u>		
Full-time	48	48	Annual Salaries	1,980,715
Part-time	6	6	Premium Pay	14,814
Nonpermanent	0	0	Annual Benefits	1,634,266
			<i>Less 1.22% Vacancy Factor</i>	(44,295)
			Lump Sum Premium Pay	0
Totals	54	54	Total Personal Services	3,585,500

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Administrative Assistant	1	0	0	0	1
Administrative Clerk II	2	0	0	0	2
Analyst/Programmer IV	1	0	0	0	1
Recorder I	3	1	0	1	5
Recorder II	10	4	2	12	28
Recorder III	2	0	1	1	4
Recorder IV	1	1	0	1	3
Recorder Mgr	2	0	1	0	3
Recorder Technician	5	0	0	0	5
Recorder Technician Supervisor	1	0	0	0	1
State Recorder	1	0	0	0	1
Totals	29	6	4	15	54